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Annual statistical report on United Nations procurement, 2017

Summary

The Executive Director of UNOPS submits the present report on procurement by organizations in the United Nations system to the Executive Board pursuant to its decision 2007/38. The complete annual statistical report on United Nations procurement may be obtained in the language of submission from the Executive Board secretariat and at the United Nations Global Marketplace website (http://www.ungm.org/Public/ASR).

Forty organizations submitted data for inclusion in the annual statistical report, 2017. They procured goods and services worth $18.6 billion in 2017, an increase of 5.1 per cent, or $910 million, compared to 2016 (when 39 organizations reported). The share of procurement from developing countries, countries with economies in transition and least developed countries was 60.9 per cent.

The complete annual statistical report, 2017, contains:

(a) a trend analysis of United Nations procurement by goods and services, countries of supply, United Nations organization, and category of goods and services;
(b) an analysis of United Nations procurement from suppliers in countries with economies in transition, developing countries, and least developed countries;
(c) analysis of sustainable procurement practices in the United Nations system, and analysis of United Nations procurement from suppliers that are participants of the United Nations Global Compact;
(d) an analysis of collaborative procurement between United Nations organizations;
(e) tables and charts detailing United Nations system procurement, by country of supply, United Nations organization, and category; and
(f) details of the procurement of major goods and services (over $30,000) by the respective United Nations organizations.

In addition, the website contains detailed, interactive information and allows users to access data on procurement by United Nations organization, country of supply, and procurement category.

Elements of a decision

The Executive Board may wish to take note of the present report and welcome the data and analysis it contains.

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Introduction

1. UNOPS is pleased to be responsible for collecting and compiling system-wide procurement data on behalf of the United Nations system.

2. The 2017 annual statistical report, the 34th edition of the publication, provides an overview of the procurement of the United Nations system in support of its operations, projects and programmes in 2017. UNOPS relies on the cooperation of the participating entities in compiling and reporting these statistics.

3. This report presents a summary of the results of the analysis of the data. The complete annual statistical report may be obtained from the Executive Board secretariat and at the United Nations Global Marketplace website (http://www.ungm.org/Public/ASR). The website contains a wealth of interactive information and allows users to access data on procurement by United Nations organization, country of supply, and procurement category.

A. Notes

4. Where this report refers to procurement by the United Nations, the United Nations system, or United Nations organizations, it refers to the procurement activities of the 40 organizations that submitted procurement data for the annual statistical report, 2017.

5. Procurement is defined as the acquisition through purchase or lease of real property, goods or other products (including intellectual property), works, or services. While United Nations organizations may have different systems and methodologies for recording and reporting on procurement data individually, for the annual statistical report a common definition of procurement is used and data is collected in a standardized format. Some organizations may therefore publish procurement statistics that differ from those published in the annual statistical report. Further, some organizations have limitations on the level of detail they are able to provide.

6. Purchase orders and contracts for services are reported by contract amount, not by expenditures incurred.

7. To enable reporting on categories of goods and services across all United Nations organizations, participating organizations are requested to provide procurement data based on the United Nations Standard Products and Services Code[1] standard, a publicly available multi-sector standard for classification of goods and services, at the most detailed level possible. In addition to categorization based on that standard, the report also uses sector grouping of goods and services based on areas of focus for the United Nations. For the purposes of presentation, some code names have been shortened or modified.

8. Throughout the report, the terms 'country' and 'countries' refer to countries and territories. Unless otherwise stated, they refer to supplier countries reported by the submitting organization. Country names, as well as their designation by geographic region, follow the standard country or area codes for statistical use referred to as the 'M49 standard' (prepared by the Statistics Division of the United Nations Secretariat).[2] For analytical purposes, the report classifies all countries into one of four broad categories: developed countries; developing countries; countries with economies in transition; and least developed countries. The report follows the country categorizations defined by UNCTADstat[3] – with the exception of least developed countries, for which the M49 standard is followed. The designations employed do not reflect any opinion on the part of the United Nations concerning the legal status of any country, territory, city, area, or its authorities, or the delimitation of its frontiers or boundaries. The assignment of countries or areas to particular groupings is for statistical convenience and does not imply any assumption regarding political or other affiliation of countries or territories by the United Nations.

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1 See http://www.unspsc.org.

2 For more information on the M49 classification, see https://unstats.un.org/unsd/methodology/m49.

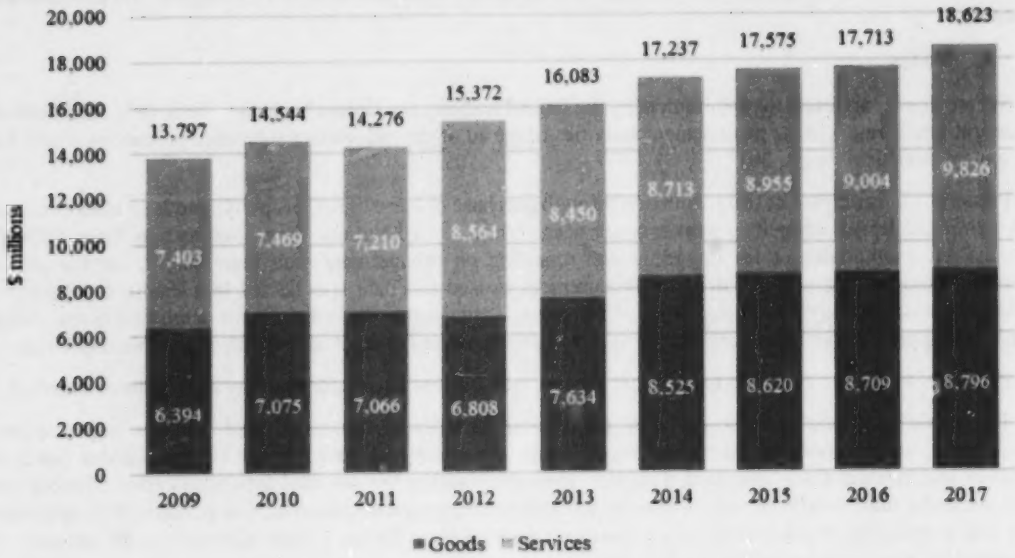
3 For more information on United Nations Conference on Trade and Development country designations, see http://unctadstat.unctad.org/EN/Classifications.html.

I. Total United Nations procurement in 2017

9. The overall procurement value of United Nations organizations increased for a sixth consecutive year, reaching $18.6 billion in 2017 – an increase of 5.1 per cent, or $910 million, compared to 2016. The increase was driven largely by a 9.1 per cent, or $823 million, increase in procurement of services, while procurement of goods rose by a more modest 1.0 per cent, or $87 million.

10. Forty United Nations organizations reported procurement statistics in 2017, compared to 39 in 2016. The International Monetary Fund (IMF), which did not submit procurement statistics in 2016, procured $272 million of goods and services in 2017. The underlying growth in overall procurement (excluding IMF) was 3.6 per cent, or $638 million.

Figure 1. Total procurement of goods and services, 2009-2017



11. The growth was largely attributable to increases in procurement by UNDP, UNOPS, the Pan American Health Organization (PAHO) and the World Food Programme (WFP). Collectively those organizations recorded an additional $831 million in procurement volume compared to 2016.

12. The United Nations Procurement Division, the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) all reported significant reductions in procurement volume in 2017, totalling $633 million. The UNICEF reduction was attributed mainly to price savings in the procurement of pharmaceuticals.

13. For each year since 2013, 32 of the 40 United Nations organizations have reported procurement for the annual statistical report. The combined volume of their procurement has increased 9.7 per cent over that period, from $16.1 billion in 2013 to $17.6 billion in 2017.

14. The largest segments of procurement in 2017, by volume, were *Pharmaceuticals, contraceptives, vaccines* ($2.6 billion), *Transportation, storage, mail services* ($2.3 billion), and *Food and beverage products* ($1.9 billion).

II. Major countries of supply to the United Nations system in 2017

15. In 2017, the United Nations system procured goods and services from 223 countries and territories, including all 193 Member States. One hundred and twenty-four countries and territories had a procurement volume of more than $10 million.

16. The top 10 supplier countries, by value, in 2017 accounted for $7.5 billion (or 40.2 per cent) of total procurement value. The concentration of procurement has diminished compared to previous years: the top 10 supplier countries accounted for 44.6 per cent of total procurement volume in 2016 and 44.8 per cent in 2015.

17. In 2017, the top 10 supplier countries included three developing countries (India, the United Arab Emirates and Kenya, in that order), with combined procurement of $2.2 billion, representing 29.5 per cent of the top 10 total, and 11.8 per cent of total United Nations procurement for 2017.

18. The United States of America remained the largest supplier country to the United Nations in 2017, increasing by 9.8 per cent to $1.7 billion. The increase was driven by higher expenditure on *Management and administrative services* (an increase of $108 million, or 49.5 per cent, $91 million of which was attributed to IMF). The largest area of procurement was in *Pharmaceuticals, contraceptives, vaccines*, procured primarily by UNICEF and PAHO. Overall expenditure in this segment, however, decreased by $83.5 million (19.2 per cent).

Table 1. Top 10 supplier countries by procurement volume, 2017

Supplier country	Goods, 2017 ($ millions)	Services, 2017 ($ millions)	Total 2017 ($ millions)	Share of United Nations total 2017 (%)	Total change 2016-2017 (%)
United States of America	587.2	1,154.2	1,741.4	9.4%	9.8%
India	741.7	165.2	907.0	4.9%	-14.8%
United Arab Emirates	635.7	161.1	796.8	4.3%	-8.3%
Belgium	660.4	58.4	718.8	3.9%	-20.7%
France	511.7	181.0	692.7	3.7%	13.7%
United Kingdom of Great Britain and Northern Ireland	156.8	398.3	555.1	3.0%	-8.3%
Switzerland	142.9	404.6	547.5	2.9%	24.3%
Netherlands	388.7	123.1	511.8	2.7%	19.5%
Denmark	260.0	247.4	507.4	2.7%	-31.3%
Kenya	169.8	333.1	502.9	2.7%	27.4%
Top 10 total	**4,254.9**	**3,226.4**	**7,481.3**	**40.2%**	**-2.1%**
United Nations total	8,796.4	9,826.3	18,622.7		5.1%

19. India was again the second-largest supplier country, having been a top 10 supplier country since 2000. Procurement from suppliers in India, however, fell by 14.8 per cent, or $158 million, to $907 million. The reduction of procurement from Indian suppliers was predominantly due to a decrease in *Pharmaceuticals, contraceptives, vaccines* of $86 million (11.8 per cent) from 2016 to 2017. It nevertheless remained the largest procurement area, representing 70.8 per cent of total procurement from Indian suppliers. The second largest area of spending in India in 2017 was *Engineering and research services*, which increased by $14 million, to $45 million; almost half of that total was related to *Computer services*. Procurement of *Food and beverage products* from Indian suppliers decreased by $51 million (80.2 per cent).

20. The United Arab Emirates was the third-largest supplier country, moving up from fourth place in 2016 despite recording an 8.3 per cent reduction in procurement volume from 2016 to 2017. The country is the largest

supplier country of *Fuels and lubricants etc.* to the United Nations system, supplying 43.3 per cent of the total $612 million spent in the sector. It was the second largest supplier country for *Food and beverage products*, after Turkey. Spending in this segment from United Arab Emirates suppliers, however, fell by $20 million, or 7.3 per cent, from 2016 to 2017.

21. Kenya was a new addition to the top 10 supplier countries in 2017, with its reported procurement volume increasing from $395 million to $503 million. This was largely due to an additional $63 million in procurement by WFP, predominantly on *Transportation, storage, mail services* and *Food and beverage products*. The Food and Agriculture Organization (FAO) more than tripled its procurement from suppliers in Kenya, from $8.8 million in 2016 to $27 million in 2017. FAO procurement in Kenya was focused on *Vocational training services* ($7.3 million) and *Animal feed* ($1.9 million). WFP had the largest procurement from suppliers in Kenya – $146 million in total – while the United Nations Procurement Division was the second largest procuring organization, with $136 million in 2017.

22. After joining the top 10 supplier countries in 2016, Turkey dropped to be the country with the 11th largest procurement volume in 2017. Procurement from Turkey fell by $188 million (28.9 per cent), due largely to a $228 million (48.6 per cent) reduction in spending on *Food and beverage products* by WFP (offset somewhat by increases in other areas).

23. The other countries in the top 10 countries by procurement volume remained the same as in 2016. Among them, Belgium fell to fourth place on the list after spending with Belgian suppliers declined by 20.7 per cent, primarily on *Pharmaceuticals, contraceptives, vaccines* ($161 million less in 2017 than in 2016). France moved up to fifth place, due to an additional $66 million procurement by UNOPS of *Laboratory and scientific equipment* and an additional $33 million on *Clinical nutrition* goods by UNICEF. Switzerland moved up two places, with a 24.3 per cent ($107 million) improvement in procurement volume, including an additional $33 million procurement of *Engineering and research services*. The United Kingdom of Great Britain and Northern Ireland experienced an 8.3 per cent ($50 million) decrease compared to 2016, due primarily to a reduction in United Nations Procurement Division expenditure on *Office equipment* from suppliers in the United Kingdom – offset somewhat by a $81 million increase in procurement from WFP.

III. Procurement volume by region of supplier in 2017

24. Procurement increased from the Africa, Latin America and the Caribbean, and Northern America regions in 2017, while decreasing in other regions. Procurement from suppliers in Africa increased the most in absolute terms – by $473 million, or 15.9 per cent, to $3.4 billion in 2017. It also experienced the highest increase in share of total United Nations procurement, increasing from 17.3 per cent in 2016 to 19.2 per cent in 2017. Latin America and the Caribbean had the largest increase in percentage terms, with procurement from suppliers in the region increasing by 39.0 per cent, to $1.2 billion in 2017. Asia remained the region with the highest procurement volume, but saw a $129 million (2.2 per cent) reduction compared to 2016 – the largest decrease in absolute terms of any region.

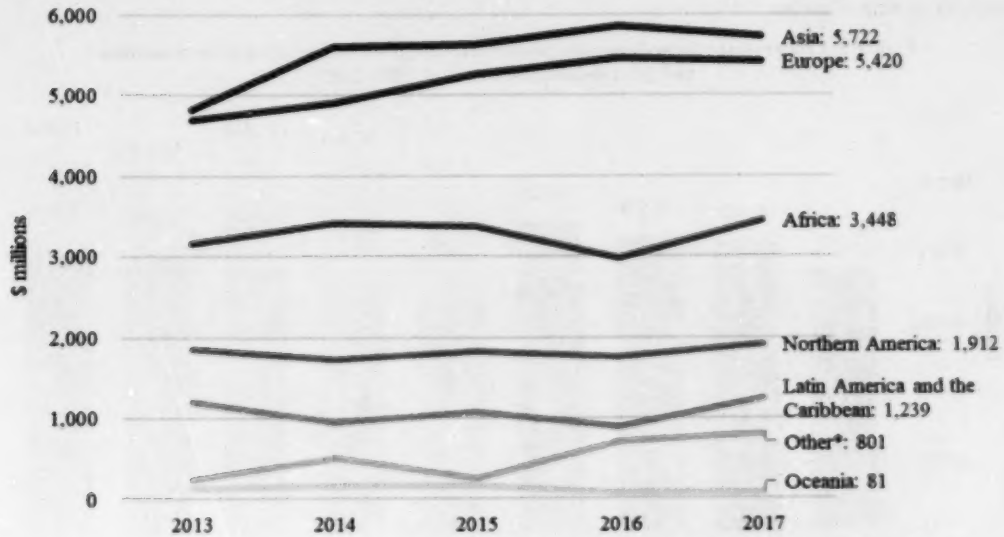
25. The increased procurement volume in Africa was due particularly to WFP and UNDP, which increased expenditure in the region by $470 million and $128 million, respectively, primarily on *Transportation, storage, mail services*, *Food and beverage products* and *Engineering and Research services*. WFP procurement from suppliers in Nigeria increased from $41 million to $116 million, and in Kenya from $84 million to $146 million, while UNDP spent $40 million more with suppliers in Senegal than it had in 2016.

26. There was a large increase in procurement from Latin America and the Caribbean, due primarily to an additional $247 million in procurement by UNOPS from suppliers in Argentina (up from $0.6 million in 2016), mainly on *Computer equipment and accessories* and *Computer services*. United Nations procurement from Argentina increased from $21 million in 2016 to $279 million in 2017. PAHO also increased its procurement in the region, by $123 million, or 145 per cent. The largest decrease in the region was in Peru, where the procurement volume fell by $140 million, to $54 million.

27. In the Asia region, there were increases in procurement from Iraq, Singapore and Yemen, between them accounting for an increase of $607 million from 2016 to 2017. Yemen experienced one of the largest increases in procurement, up from $326 million in 2016 to $434 million in 2017. This was due in part to $197 million in

additional procurement by UNICEF on *Financial and insurance services*, while WFP procured an additional $68 million of *Transportation, storage, mail services* and $29 million of *Food and beverage products*. However, there was a net decrease in procurement of $129 million in the Asia region, due in part to decreased procurement by WFP –$572 million less from suppliers in the region in 2017 than in 2016.

Figure 2. Total procurement by region, 2013-2017



* Includes the State of Palestine and data where the supplier country is unknown

28. The decrease in expenditure in Europe was influenced by falls in procurement in Denmark ($231 million fall or 31.3 per cent, mostly attributed to the United Nations Procurement Division), Belgium ($187 million or 20.7 per cent, primarily with UNICEF), and the United Kingdom ($50 million or 8.3 per cent decrease). However, procurement from Switzerland, Austria and the Netherlands increased by $279 million combined.

29. The procurement volume from suppliers where the supplier country was unknown declined, by $417 million, to $664 million in 2017. This was due to some participating organizations improving the supplier country data in their 2017 submissions. Ninety-three per cent of procurement volume where the supplier country was unknown came from the International Organization for Migration (IOM), which was unable to specify supplier countries for any of its procurement. IOM procurement volume in 2017 was $618 million.

IV. Procurement from developing countries, countries with economies in transition and least developed countries

30. In 2002, the General Assembly requested the Secretary-General to encourage organizations of the United Nations system to take further steps to increase procurement opportunities for suppliers from developing countries and countries with economies in transition.[4] In response, and in line with the 2030 Agenda for Sustainable Development, United Nations organizations have increased procurement from these countries, and 2017 was no exception.

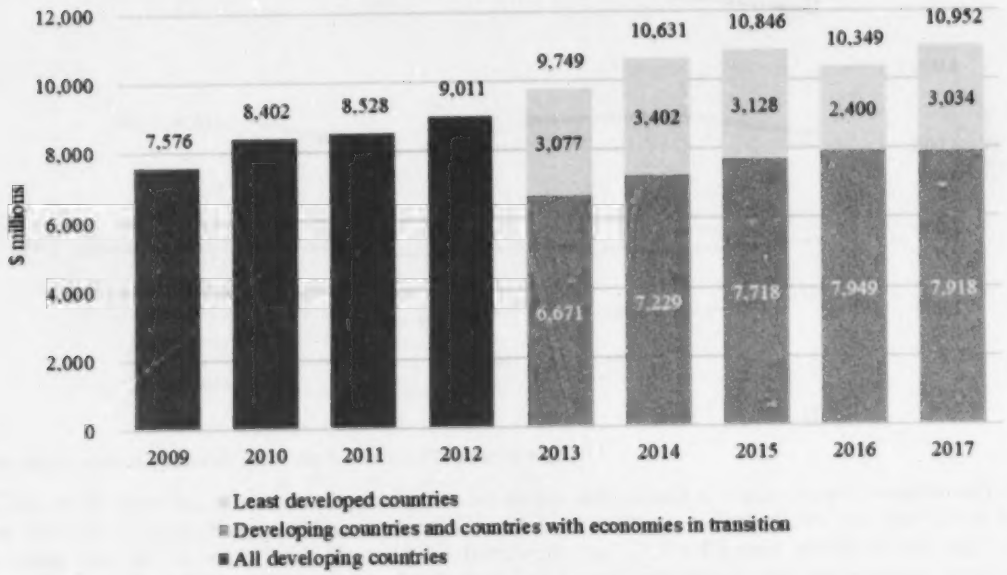
31. Procurement from developing countries increased in 2017, both in absolute terms (from $10.3 billion in 2016 to $11.0 billion in 2017) and as a percentage of United Nations procurement. This was driven by an increase of $636 million (26.5 per cent) in procurement from least developed countries compared to 2016,

[4] A/RES/57/279

representing 16.9 per cent of total United Nations procurement volume in 2017. Meanwhile, the percentage of procurement volume from developing countries and countries with economies in transition together declined, from 46.3 per cent to 44.1 per cent.[5]

32. Of the $11.0 billion goods and services procurement in 2017 from developing countries, countries with economies in transition and least developed countries, 62.9 per cent was procured from 20 countries. Fourteen of those countries experienced an increase in procurement compared to 2016, most notably Argentina and Yemen, as described earlier.

Figure 3. Procurement from developing countries, countries with economies in transition and least developed countries, 2009-2017



33. Table 2 shows the top 20 countries by procurement volume of developing countries, countries with economies in transition and least developed countries in 2017. In addition to Argentina and Yemen, countries new to this table are Brazil, Nigeria, and Panama: there was an additional $226 million in procurement from suppliers in those countries in 2017. The countries that dropped out of the top 20 list were Afghanistan, the Democratic Republic of the Congo, Pakistan, Peru, and Ukraine.

[5] Calculation of percentages related to procurement by country development status excludes procurement where the supplier country is unknown.

Table 2. Top 20 countries by procurement volume – developing countries, countries with economies in transition and least developed countries, 2017

Supplier country	Goods 2017 ($ millions)	Services 2017 ($ millions)	Total 2017 ($ millions)	Share of United Nations total 2017 (%)	Total change 2016-2017 (%)
India	741.7	165.2	907.0	4.9%	-14.8%
United Arab Emirates	635.7	161.1	796.8	4.3%	-8.3%
Kenya	169.8	333.1	502.9	2.7%	27.4%
Turkey	337.2	124.0	461.2	2.5%	-28.9%
Yemen	78.2	355.5	433.6	2.3%	301.8%
Iraq	81.1	302.2	383.3	2.1%	85.8%
Jordan	83.1	274.6	357.8	1.9%	14.1%
Lebanon	92.2	233.0	325.2	1.7%	11.9%
Russian Federation	53.9	232.8	286.8	1.5%	-12.5%
Argentina	191.4	87.6	279.0	1.5%	1231.6%
Ethiopia	87.6	175.5	263.2	1.4%	5.6%
Sudan	175.9	81.8	257.7	1.4%	46.2%
South Africa	101.6	126.0	227.6	1.2%	17.5%
China	154.8	65.2	220.0	1.2%	-3.7%
Nigeria	124.5	85.0	209.5	1.1%	53.8%
South Sudan	53.6	150.5	204.1	1.1%	14.2%
Republic of Korea	176.7	25.0	201.8	1.1%	-6.2%
Uganda	64.5	129.1	193.6	1.0%	58.3%
Panama	150.6	40.5	191.1	1.0%	33.1%
Brazil	5.0	185.5	190.5	1.0%	74.4%
Top 20 total	**3,559.2**	**3,333.3**	**6,892.4**	**37.0%**	
Developing countries, countries with economies in transition, least developed countries total	**4,984.2**	**5,968.1**	**10,952.3**	**58.8%**	**5.8%**
United Nations total	**8,796.4**	**9,826.3**	**18,622.7**		**5.1%**

V. Procurement by organizations of the United Nations system

34. Table 3 shows the procurement volume for 2017 by United Nations organization, including their respective shares of procurement from developing countries, countries with economies in transition, and least developed countries. The largest 10 organizations by procurement volume in 2017 accounted for $16.3 billion (87.3 per cent) of total procurement volume, compared to $15.8 billion (89.4 per cent) in 2016. While those 10 organizations increased their procurement volumes by 2.6 per cent on average, the other organizations increased theirs by an average of 12.3 per cent.[6]

35. In 2017, 29 of the 40 reporting organizations experienced an increase in procurement volume compared to 2016. Fourteen of these saw their procurement volume rise by more than 20 per cent.

[6] Excludes IMF, which reported in 2017 but not 2016.

Table 3. Procurement by United Nations organization

Organization	Total 2017 ($ millions)	Total change 2016-2017 (%)	Share of procurement from developing countries, countries with economies in transition and least developed countries, 2017 (%)
UNICEF	3,428.7	-1.6%	56.9%
WFP	3,075.3	3.8%	73.0%
UNPD	2,746.7	-15.0%	61.3%
UNDP	2,117.0	24.7%	71.5%
UNHCR	1,239.4	5.1%	70.3%
UNOPS	1,068.9	18.7%	64.3%
PAHO	919.4	16.4%	47.1%
WHO	666.6	-11.9%	51.5%
IOM^	617.6	18.2%	N/A
FAO*	371.4	17.2%	74.9%
UNFPA	316.8	12.4%	49.4%
IMF	272.3	N/A	0.0%
UNRWA	243.7	-15.5%	83.4%
IAEA	219.8	49.2%	14.0%
ILO*	214.7	32.0%	65.6%
UNIDO	178.4	44.6%	52.7%
UNESCO	129.0	5.0%	63.4%
WIPO	114.8	0.4%	6.2%
UNOG	109.7	16.6%	5.6%
UN-Women	104.2	-27.3%	59.2%
UNOV	84.9	28.1%	71.0%
UNAIDS	49.4	45.1%	57.3%
IFAD	48.7	3.3%	18.9%
ITU	47.7	0.1%	13.0%
UNON	40.9	42.8%	77.2%
UNFCCC	24.4	230.8%	5.8%
UN-ICTY/MICT	19.2	43.1%	17.9%
ECA	18.9	43.5%	52.6%
OPCW	18.4	-60.8%	1.8%
UPU	16.7	-24.0%	10.5%
IMO	16.4	6.5%	17.8%
ITC	14.3	53.6%	27.9%
WMO	14.1	-19.7%	2.7%
ECLAC	13.9	146.2%	62.3%
ESCAP	13.5	73.8%	70.3%
UNV	9.1	8.5%	2.0%
UNU	7.4	0.1%	14.0%
ESCWA	6.7	43.1%	87.1%
UNWTO	3.0	-3.0%	2.3%
UNAKRT	1.1	-43.0%	69.5%
United Nations total	**18,622.7**	**5.1%**	**60.9%**

Calculation of share of procurement from developing countries, countries with economies in transition and least developed countries excludes data where the supplier country is unknown.

* Supplier country known for only part of data (FAO 94%, ILO 95% by volume). ^ IOM did not report on supplier countries in 2017.

36. UNDP experienced the largest absolute increase, of $420 million (or 24.7 per cent), to $2.1 billion. This was attributed to increased procurement activity, particularly in the areas of *Health* (including $84 million extra spending on *Hormones and hormone antagonists*), and *Construction and engineering* (including $74 million additional spending on *Professional engineering services* and an increase of $131 million on *Building and facility management and repair services*).

37. UNOPS experienced the second-highest increase in procurement volume in absolute terms. Its volume increased by 18.7 per cent, from $900 million in 2016 to $1.1 billion in 2017. This was associated with increased expenditure on information and communications technology goods and services in Argentina, as well as procurement of an additional $72 million of *Laboratory and scientific equipment* compared to 2016, mainly from French suppliers, and $107 million of *Motor vehicles*, up from $81 million in 2016, predominantly from Japan.

38. Ten organizations reported a decrease in procurement compared to 2016. The largest decrease in absolute terms was $486 million (or 15.0 per cent) by the United Nations Procurement Division. This was due to a combination of downsizing some field missions, savings in air transportation, and a change in the procurement approach for some security services. WHO experienced a $135 million reduction in expenditure on *Comprehensive health services*, which was offset, in part, by increased expenditure on *Medical equipment* ($17 million more than 2016); however, the organization reported an overall reduction in procurement of $90 million.

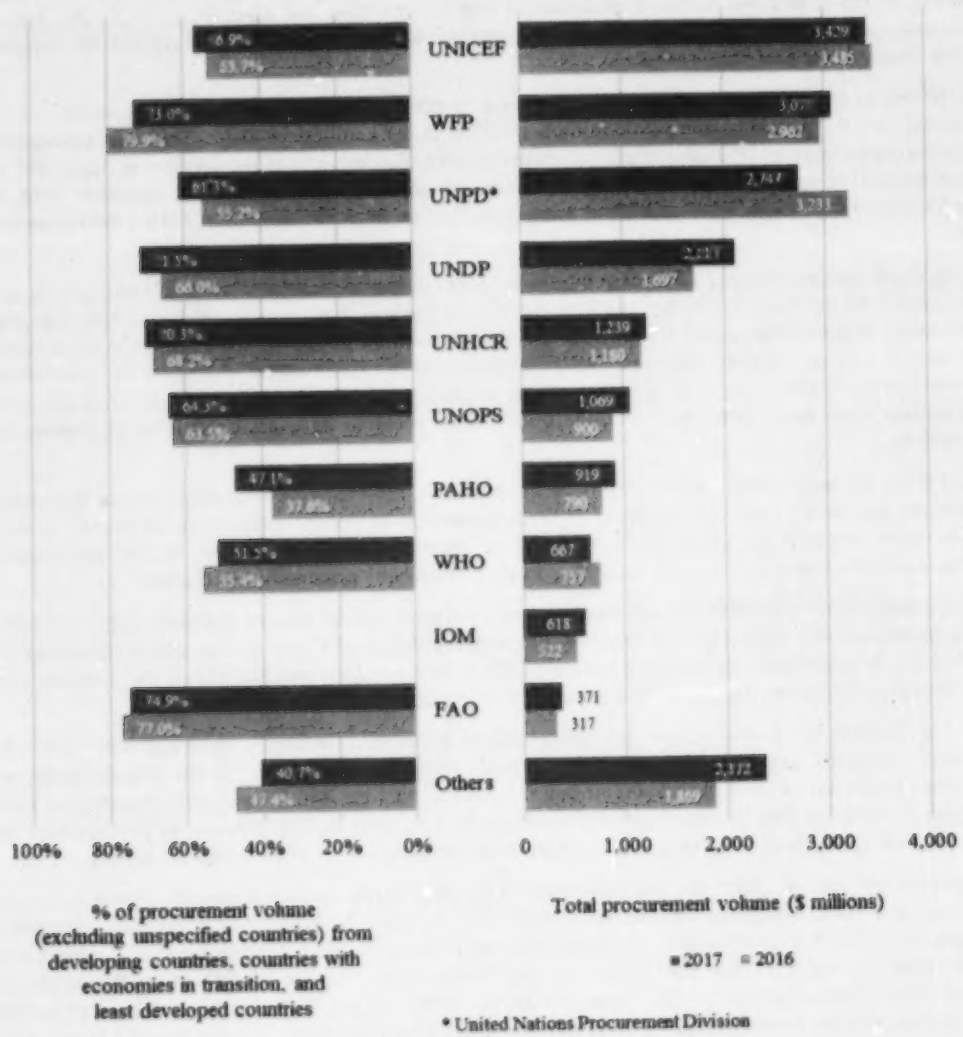
39. UNICEF, the largest organization by procurement volume, reported a 27.6 per cent increase in procurement of services and an 11.1 per cent decrease in the procurement of goods, resulting in an overall decrease of 1.6 per cent compared to 2016. This included a reduction of $322 million in the procurement of *Pharmaceuticals, contraceptives and vaccines*, driven primarily by price savings achieved.

40. Some organizations experienced substantive changes in procurement volume due to changes in the way their procurement data was collected. For example, the implementation of a new global resource planning system enabled the International Labour Organization (ILO) to improve the completeness of its reporting in 2017, contributing to a 32.0 per cent increase in reported procurement compared to 2016.

41. Table 3 shows the proportion of procurement from developing countries, countries with economies in transition and least developed countries, by United Nations organization. Of the organizations with a procurement volume of more than $100 million, the United Nations Relief and Works Agency for Palestine Refugees in the Near East had the highest proportion (83.4 per cent or $203 million) of procurement coming from developing countries, countries with economies in transition and least developed countries.

42. In terms of volume, WFP procured the most from developing countries, countries with economies in transition and least developed countries in 2017 ($2.2 billion); however, this proportion dropped from 79.9 per cent in 2016 to 73.0 per cent of total procurement volume in 2017. Among the top 10 organizations by procurement volume, UNICEF, the United Nations Procurement Division, UNDP, the Office of the United Nations High Commissioner for Refugees (UNHCR), UNOPS and PAHO increased their proportion of procurement volume from developing countries, countries with economies in transition and least developed countries in 2017. The proportion of procurement from these countries for the top 10 organizations by total procurement volume is shown in figure 4.

Figure 4. Procurement by United Nations organizations from developing countries, countries with economies in transition and least developed countries, 2016-2017 (top 10 organizations by total procurement volume)



VI. Procurement by category of goods and services

43. The annual statistical report collects information from participating organizations on the nature of goods and services procured based on the United Nations Standard Products and Services Code standard. The hierarchy of product segments, families, classes and commodities is used for categorizing and reporting on procured goods, services and works in the report. In addition, the report uses sectors of procurement, bringing together goods and services linked to areas of focus for the United Nations.

44. Across the reporting organizations, the procurement volume in the sector *Consultancy, administration and operations* increased, by $685 million, to $4.0 billion in 2017, with UNDP, UNICEF and UNHCR being the largest procurers in the sector. On the other hand, expenditure in the second-largest sector, *Health*, representing

$3.7 billion in procurement, saw the largest decrease in 2017, falling $230 million from 2016, due to a decreased procurement volume of *Pharmaceuticals, contraceptives and vaccines*. In 2017, 19.2 per cent of data (by procurement volume) was reported only at the highest 'segment' level, under the hierarchy, while 80.8 per cent was reported at a minimum of family level and 21.9 per cent was reported at the most specific commodity level. In general, organizations were able to improve the level of specificity in their reporting in 2017.

Table 4. Top 10 categories of procurement by volume, UNSPSC segment level, 2017

Category (UNSPSC* segment level)	Total 2017 ($ millions)	Total change 2016-2017 (%)	Share of procurement from developing countries, countries with economies in transition and least developed countries, 2017 (%)
Pharmaceuticals, contraceptives, vaccines^	2,641.4	-7.3%	39.8%
Transportation, storage, mail services	2,323.1	-3.5%	67.7%
Food and beverage products	1,893.8	0.1%	79.7%
Management and administrative services	1,809.3	8.5%	62.3%
Building and maintenance services	1,303.0	9.9%	76.9%
Engineering and research services	1,279.4	28.2%	45.0%
Medical equipment	735.7	19.5%	40.8%
Information technology and communications equipment	626.1	36.4%	50.2%
Fuels and lubricants etc.	611.7	3.7%	93.8%
Travel, food and lodging	559.0	110.2%	64.3%
Top 10 total	13,782.4		
United Nations total	18,[illegible]		

*UNSPSC = United Nations Standard Products and Services Code

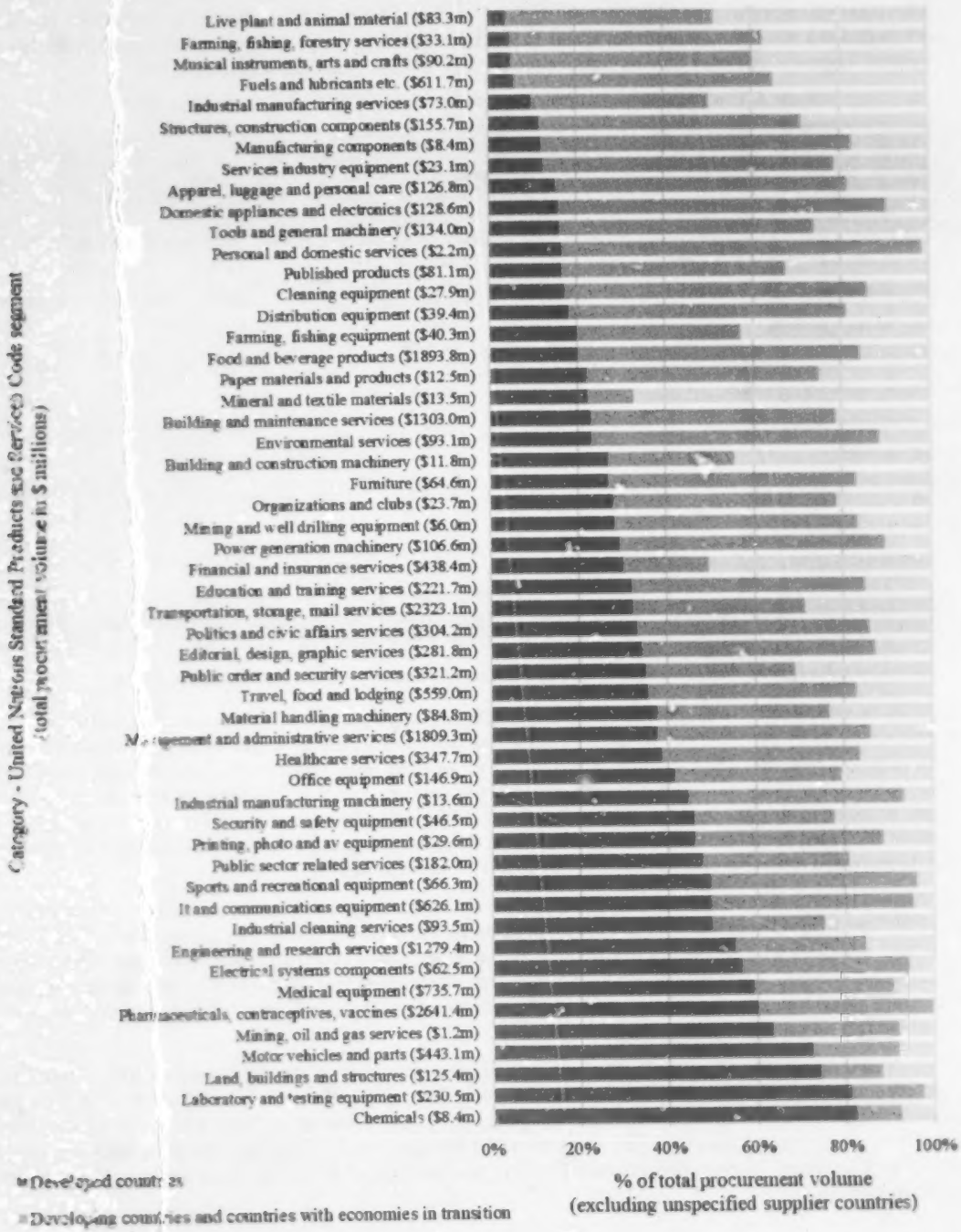
^ Condoms are included under *Pharmaceuticals, contraceptives, vaccines* for the purposes of the annual statistical report

45. In 2017, procurement was recorded against 57 different segments (the same number as in 2016). The 10 largest segments by procurement volume are shown in table 4. The largest segments were *Pharmaceuticals, contraceptives, vaccines* ($2.6 billion), *Transportation, storage, mail services* ($2.3 billion) and *Food and beverage products* ($1.9 billion). *Pharmaceuticals, contraceptives, vaccines* was the segment that realized the largest decrease in absolute terms in 2017 compared to 2016, while expenditure in the *Travel, food and lodging* segment increased the most, more than doubling from $265 million in 2016 to $559 million. This was due, in part, to increased reporting of travel expenditure in 2017 compared to 2016.

46. There were 53 different segments of goods and services with the procurement volume above $1 million in 2017. Of these, in 44 segments, more than 50 per cent of the procurement by volume was from developing countries, countries with economies in transition and least developed countries. Total procurement from those 44 segments was $13.1 billion. There were 15 segments where more than 80 per cent of procurement volume was from developing countries, countries with economies in transition and least developed countries, representing $1.6 billion of procurement.

47. *Fuels and lubricants etc.* is the largest segment where procurement from developing countries, countries with economies in transition and least developed countries represents more than 80 per cent of the total procurement volume. Of the total $612 million procured in this segment in 2017, $358 million was from developing countries and countries with economies in transition, and $213 million was from least developed countries. The United Nations Procurement Division was the largest procuring organization in this segment ($398 million).

Figure 5. Distribution of categories of goods and services by supplier country development status and total procurement volume by segment (segments with procurement volume above $1 million; unspecified goods and services excluded)


Category - United Nations Standard Products and Services Code segment
(total procurement volume in $ millions)
Live plant and animal material ($83.3m)
Farming, fishing, forestry services ($33.1m)
Musical instruments, arts and crafts ($90.2m)
Fuels and lubricants etc. ($611.7m)
Industrial manufacturing services ($73.0m)
Structures, construction components ($155.7m)
Manufacturing components ($8.4m)
Services industry equipment ($23.1m)
Apparel, luggage and personal care ($126.8m)
Domestic appliances and electronics ($128.6m)
Tools and general machinery ($134.0m)
Personal and domestic services ($2.2m)
Published products ($81.1m)
Cleaning equipment ($27.9m)
Distribution equipment ($39.4m)
Farming, fishing equipment ($40.3m)
Food and beverage products ($1893.8m)
Paper materials and products ($12.5m)
Mineral and textile materials ($13.5m)
Building and maintenance services ($1303.0m)
Environmental services ($93.1m)
Building and construction machinery ($11.8m)
Furniture ($64.6m)
Organizations and clubs ($23.7m)
Mining and well drilling equipment ($6.0m)
Power generation machinery ($106.6m)
Financial and insurance services ($438.4m)
Education and training services ($221.7m)
Transportation, storage, mail services ($2323.1m)
Politics and civic affairs services ($304.2m)
Editorial, design, graphic services ($281.8m)
Public order and security services ($321.2m)
Travel, food and lodging ($559.0m)
Material handling machinery ($84.8m)
Management and administrative services ($1809.3m)
Healthcare services ($347.7m)
Office equipment ($146.9m)
Industrial manufacturing machinery ($13.6m)
Security and safety equipment ($46.5m)
Printing, photo and av equipment ($29.6m)
Public sector related services ($182.0m)
Sports and recreational equipment ($66.3m)
It and communications equipment ($626.1m)
Industrial cleaning services ($93.5m)
Engineering and research services ($1279.4m)
Electrical systems components ($62.5m)
Medical equipment ($735.7m)
Pharmaceuticals, contraceptives, vaccines ($2641.4m)
Mining, oil and gas services ($1.2m)
Motor vehicles and parts ($443.1m)
Land, buildings and structures ($125.4m)
Laboratory and testing equipment ($230.5m)
Chemicals ($8.4m)
0%
20%
40%
60%
80%
100%
% of total procurement volume
(excluding unspecified supplier countries)
Developed countries
Developing countries and countries with economies in transition
Least developed countries

48. Of the segments where procurement was predominantly from developed countries in percentage terms, *Pharmaceuticals, contraceptives, vaccines* is the largest, with $1.6 billion of the total $2.6 billion from developed countries. However, India is the largest supplier country for this segment, with $642 million procurement in 2017.

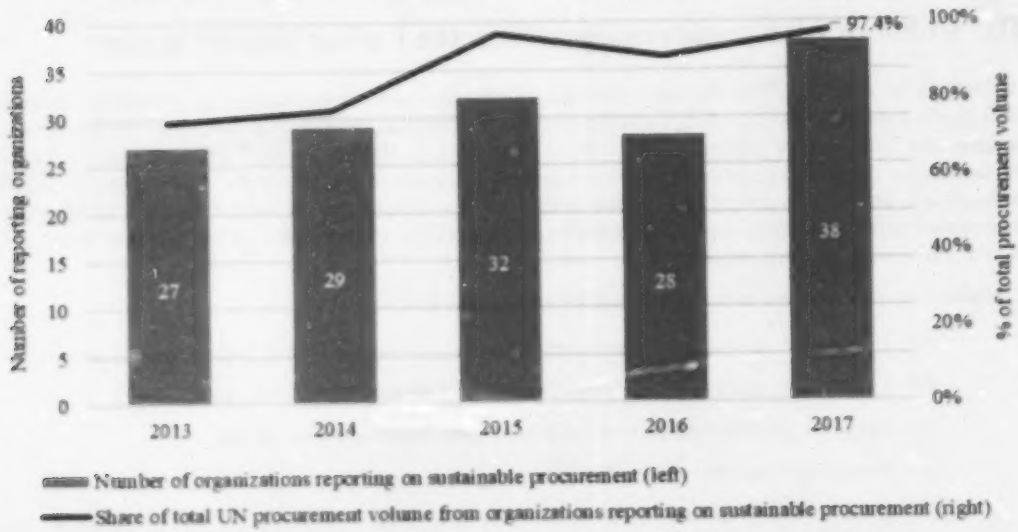
49. The calculation of percentages in this analysis excludes procurement where the supplier country is unknown. Of the $664 million procurement volume in 2017 where the supplier country is unknown, $203 million is in the *Building and maintenance services* segment and $80 million was for *Transportation, storage, mail services.*

VII. Sustainable procurement in the United Nations system

50. The purchasing power of United Nations organizations can be used to advance sustainable development through the incorporation of sustainability considerations into the procurement process.

51. Sustainable procurement is defined as "practices that integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services and ultimately optimizing costs."[7] As part of the annual statistical report, organizations were able to report on the extent to which sustainability considerations had been integrated into their procurement processes.

Figure 6. United Nations organizations reporting on sustainable procurement, 2013-2017



52. In 2017, 10 additional organizations provided information on sustainable procurement: 38 of the 40 organizations providing procurement data for the annual statistical report submitted sustainable procurement information, compared to 28 out of 39 in 2016. Together, those 38 organizations accounted for 97.4 per cent of total United Nations procurement in 2017 (see figure 6).

53. Formalization of sustainable procurement through high-level commitment continued to be important for reporting organizations. Twenty of the 38 reporting organizations noted they had adopted or were planning to adopt a policy on sustainable procurement, while 17 noted the same for a sustainable procurement strategy.

54. Whether in possession of such a high-level document or not, 33 organizations in 2017 noted that they were applying some sort of sustainable procurement initiative, with the majority employing a total cost of ownership

[7] United Nations High Level Committee on Management Procurement Network, adopted in 2009

approach in their financial evaluations. Many organizations continued to incorporate sustainability criteria into the requirements definitions of their tenders.

55. Among the types of sustainable procurement considerations that can be incorporated in procurement processes, economic considerations continued to be applied most often, by 68.4 per cent of reporting organizations, followed closely by environmental and, third, social considerations.

56. Reporting organizations made considerable progress on their internal capacity development. In 2017, 22 out of 38 organizations reported they had trained or were planning to train their procurers in sustainability, compared to 13 out of 28 organizations in 2016.

57. In terms of supplier engagement, more than half of the reporting organizations said that they verify the adherence of suppliers to the United Nations Supplier Code of Conduct, a slight improvement compared to 2016. However, the number of organizations that reported they engage with their suppliers to enhance their capacity to deliver more sustainable products decreased compared to 2016.

58. Procurement data was analysed to determine the share of procurement from companies participating in the United Nations Global Compact. The Global Compact is a voluntary global corporate sustainability initiative, calling on companies and other social actors to align their strategies and operations with universal principles on human rights, labour, the environment and anti-corruption. In 2017, procurement from companies participating in the Global Compact accounted for 15.9 per cent of total United Nations procurement, and continued a decreasing trend as noted in previous years.[8] While procurement from participating companies declined consistently in most regions, it increased substantially in the Latin America and Caribbean region.

VIII. Collaborative procurement within the United Nations system

59. Collection of data on collaborative procurement was initiated in response to General Assembly resolution 71/243 on the quadrennial comprehensive policy review. The resolution calls on organizations to further their synergies and inter-agency efforts, and requests that United Nations system entities explore further opportunities for collaborative procurement at the global, regional and country levels. The General Assembly also requested that the organizations record details of the efficiencies achieved through collaborative procurement and report on them in a consolidated format. Such data was presented for the first time in the 2016 edition of the annual statistical report.

60. Collaborative procurement encompasses the following activities:[9]

(a) Using existing long-term agreements or contracts of other United Nations organizations;

(b) Establishing and using joint long-term agreements through a 'lead agency' approach;

(c) Using the procurement services of other United Nations organizations;

(d) Procuring from other United Nations organizations; and

(e) Other formal collaborations with United Nations partners through: (i) joint procurement unit, or (ii) sharing specifications or developing common specifications.

61. In 2017, 22 out of 40 United Nations organizations reported on collaborative procurement as part of their annual statistical report submissions. In addition, for the purposes of this analysis, transactions where the supplier was another United Nations organization have been identified as collaborative procurement. When such data is included, almost all organizations (38 out of 40) used collaborative procurement approaches in 2017.

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[8] Data excludes suppliers where names were unknown or withheld for security reasons (7.0 per cent of total United Nations procurement value).

[9] As defined by the High-Level Committee on Management Procurement Network: https://www.ungm.org/Areas/Public/Downloads/15_06%20HarmonizingUNProcurement_GUIDELINES_final.pdf

62. The total collaborative procurement volume in 2017 was $2.6 billion, representing 14.2 per cent of total United Nations procurement volume. That figure includes $608 million of procurement transactions where an organization procured goods and services from another United Nations organization. Such procurement represented 3.3 per cent of the total 2017 United Nations procurement volume.

63. Other collaborative procurement activities (procurement indicated by organizations as using collaborative procurement approaches, but excluding United Nations procurement from other United Nations organizations), totalled $2.0 billion. Most organizations have technical restrictions that limit their ability to report on collaborative procurement, so that figure would represent a conservative estimate of collaborative procurement in the United Nations system.

Annex. Additional acronyms and abbreviations used in table 3

ECA	Economic Commission for Africa
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
IOM	International Organization for Migration
ITC	International Trade Centre
ITU	International Telecommunication Union
OPCW	Organization for the Prohibition of Chemical Weapons
PAHO	The Pan American Health Organization
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNAKRT	United Nations Assistance to the Khmer Rouge Trials
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UN-ICTY/MICT	United Nations International Criminal Tribunal for the former Yugoslavia
UNIDO	United Nations Industrial Development Organization
UNOG	United Nations Office at Geneva
UNON	United Nations Office at Nairobi
UNOV	United Nations Office at Vienna
UNPD	United Nations Procurement Division
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSPSC	United Nations Standard Products and Services Code
UNU	United Nations University
UNV	United Nations Volunteers
UNWTO	World Tourism Organization
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization